

LILIBETH SUNGA-CHAN AND CECILIA SUNGA, PETITIONERS, VS. THE HONORABLE COURT OF APPEALS; THE HONORABLE PRESIDING JUDGE, REGIONAL TRIAL COURT, BRANCH 11, SINDANGAN, ZAMBOANGA DEL ...

G.R. No. 164401. June 25, 2008

Ponente: VELASCO JR., J.

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VELASCO JR., J.:

The Case

Before us is a petition for review under Rule 45, seeking to nullify and set aside the Decision [1] and Resolution dated November 6, 2003 and July 6, 2004, respectively, of the Court of Appeals (CA) in CA-G.R. SP No. 75688. The impugned CA Decision and Resolution denied the petition for certiorari interposed by petitioners assailing the Resolutions[2] dated November 6, 2002 and January 7, 2003, respectively, of the Regional Trial Court (RTC), Branch 11 in Sindangan, Zamboanga Del Norte in Civil Case No. S-494, a suit for winding up of partnership affairs, accounting, and recovery of shares commenced thereat by respondent Lamberto T. Chua.

The Facts

In 1977, Chua and Jacinto Sunga formed a partnership to engage in the marketing of liquefied petroleum gas. For convenience, the business, pursued under the name, Shellite Gas Appliance Center (Shellite), was registered as a sole proprietorship in the name of Jacinto, albeit the partnership arrangement called for equal sharing of the net profit.

After Jacinto's death in 1989, his widow, petitioner Cecilia Sunga, and married daughter, petitioner Lilibeth Sunga-Chan, continued with the business without Chua's consent. Chua's subsequent repeated demands for accounting and winding up went unheeded, prompting him to file on June 22, 1992 a Complaint for Winding Up of a Partnership Affairs, Accounting, Appraisal and Recovery of Shares and Damages with Writ of Preliminary Attachment, docketed as Civil Case No. S-494 of the RTC in Sindangan, Zamboanga del Norte and raffled to Branch 11 of the court.

After trial, the RTC rendered, on October 7, 1997, judgment finding for Chua, as plaintiff a quo. The RTC's decision would subsequently be upheld by the CA in CA-G.R. CV No. 58751 and by this Court per its Decision dated August 15, 2001 in G.R. No. 143340.[3] The corresponding Entry of Judgment[4] would later issue declaring the October 7, 1997 RTC decision final and executory as of December 20, 2001. The fallo of the RTC's decision reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against the defendants, as follows:

- (1) DIRECTING them to render an accounting in acceptable form under accounting procedures and standards of the properties, assets, income and profits of [Shellite] since the time of death of Jacinto L. Sunga, from whom they continued the business operations including all businesses derived from [Shellite]; submit an

inventory, and appraisal of all these properties, assets, income, profits, etc. to the Court and to plaintiff for approval or disapproval;

(2) ORDERING them to return and retribute to the partnership any and all properties, assets, income and profits they misapplied and converted to their own use and advantage that legally pertain to the plaintiff and account for the properties mentioned in pars. A and B on pages 4-5 of this petition as basis;

(3) DIRECTING them to retribute and pay to the plaintiff $\frac{1}{2}$ shares and interest of the plaintiff in the partnership of the listed properties, assets and good will in schedules A, B and C, on pages 4-5 of the petition;

(4) ORDERING them to pay the plaintiff earned but unreceived income and profits from the partnership from 1988 to May 30, 1992, when the plaintiff learned of the closure of the store the sum of P35,000.00 per month, with legal rate of interest until fully paid;

(5) ORDERING them to wind up the affairs of the partnership and terminate its business activities pursuant to law, after delivering to the plaintiff all the $\frac{1}{2}$ interest, shares, participation and equity in the partnership, or the value thereof in money or money's worth, if the properties are not physically divisible;

(6) FINDING them especially Lilibeth Sunga-Chan guilty of breach of trust and in bad faith and hold them liable to the plaintiff the sum of P50,000.00 as moral and exemplary damages; and,

(7) DIRECTING them to reimburse and pay the sum of P25,000.00 as attorney's [fee] and P25,000.00 as litigation expenses.

NO special pronouncements as to COSTS.

SO ORDERED.[5] (Emphasis supplied.)

Via an Order[6] dated January 16, 2002, the RTC granted Chua's motion for execution. Over a month later, the RTC, acting on another motion of Chua, issued an amended writ of execution.[7]

It seems, however, that the amended writ of execution could not be immediately implemented, for, in an omnibus motion of April 3, 2002, Chua, inter alia, asked the trial court to commission a certified public accountant (CPA) to undertake the accounting work and inventory of the partnership assets if petitioners refuse to do it within the time set by the court. Chua later moved to withdraw his motion and instead ask the admission of an accounting report prepared by CPA Cheryl A. Gahuman. In the report under the heading, Computation of Claims,[8] Chua's aggregate claim, arrived at using the compounding-of-interest method, amounted to PhP 14,277,344.94. Subsequently, the RTC admitted and approved the computation of claims in view of petitioners' failure and refusal, despite notice, to appear and submit an accounting report on the winding up of the partnership on the scheduled hearings on April 29 and 30, 2002.[9]

After another lengthy proceedings, petitioners, on September 24, 2002, submitted their own CPA- certified valuation and accounting report. In it, petitioners limited Chua's entitlement from the winding up of partnership affairs to an aggregate amount of PhP 3,154,736.65 only.[10] Chua, on the other hand, submitted a new computation,[11] this time applying simple interest on the various items covered by his claim. Under this methodology, Chua's aggregate claim went down to PhP 8,733,644.75.

On November 6, 2002, the RTC issued a Resolution,[12] rejecting the accounting report petitioners submitted, while approving the new computation of claims Chua submitted. The fallo of the resolution reads:

WHEREFORE, premises considered, this Court resolves, as it is hereby resolved, that the Computation of Claims submitted by the plaintiff dated October 15, 2002 amounting to P8,733,644.75 be APPROVED in all respects as the final computation and accounting of the defendants' liabilities in favor of the plaintiff in the

above-captioned case, DISAPPROVING for the purpose, in its entirety, the computation and accounting filed by the defendants.

SO RESOLVED.[13]

Petitioners sought reconsideration, but their motion was denied by the RTC per its Resolution of January 7, 2003.[14]

In due time, petitioners went to the CA on a petition for certiorari[15] under Rule 65, assailing the November 6, 2002 and January 7, 2003 resolutions of the RTC, the recourse docketed as CA-G.R. SP No. 75688.

The Ruling of the CA

As stated at the outset, the CA, in the herein assailed Decision of November 6, 2003, denied the petition for certiorari, thus:

WHEREFORE, the foregoing considered, the Petition is hereby DENIED for lack of merit.

SO ORDERED.[16]

The CA predicated its denial action on the ensuing main premises:

- Petitioners, by not appearing on the hearing dates, i.e., April 29 and 30, 2002, scheduled to consider Chua's computation of claims, or rendering, as required, an accounting of the winding up of the partnership, are deemed to have waived their right to interpose any objection to the computation of claims thus submitted by Chua.
- The 12% interest added on the amounts due is proper as the unwarranted keeping by petitioners of Chua's money passes as an involuntary loan and forbearance of money.
- The reiterative arguments set forth in petitioners' pleadings below were part of their delaying tactics. Petitioners had come to the appellate court at least thrice and to this Court twice. Petitioners had more than enough time to question the award and it is now too late in the day to change what had become final and executory.

Petitioners' motion for reconsideration was rejected by the appellate court through the assailed Resolution[17] dated July 6, 2004. Therein, the CA explained that the imposition of the 12% interest for forbearance of credit or money was proper pursuant to paragraph 1 of the October 7, 1997 RTC decision, as the computation done by CPA Gahuman was made in "acceptable form under accounting procedures and standards of the properties, assets, income and profits of [Shellite]."[18] Moreover, the CA ruled that the imposition of interest is not based on par. 3 of the October 7, 1997 RTC decision as the phrase "shares and interests" mentioned therein refers not to an imposition of interest for use of money in a loan or credit, but to a legal share or right. The appellate court also held that the imposition of interest on the partnership assets falls under par. 2 in relation to par. 1 of the final RTC decision as the restitution mentioned therein does not simply mean restoration but also reparation for the injury or damage committed against the rightful owner of the property.

Finally, the CA declared the partnership assets referred to in the final decision as "liquidated claim" since the claim of Chua is ascertainable by mathematical computation; therefore, interest is recoverable as an element of damage.

The Issues

Hence, the instant petition with petitioners raising the following issues for our consideration:

I.

Whether or not the Regional Trial Court can [impose] interest on a final judgment of unliquidated claims.

II.

Whether or not the Sheriff can enforce the whole divisible obligation under judgment only against one Defendant.

III.

Whether or not the absolute community of property of spouses Lilibeth Sunga Chan with her husband Norberto Chan can be lawfully made to answer for the liability of Lilibeth Chan under the judgment.[19]

Significant Intervening Events

In the meantime, pending resolution of the instant petition for review and even before the resolution by the CA of its CA-G.R. SP No. 75688, the following relevant events transpired:

- Following the RTC's approval of Chua's computation of claims in the amount of PhP 8,733,644.75, the sheriff of Manila levied upon petitioner Sunga-Chan's property located along Linao St., Paco, Manila, covered by Transfer Certificate of Title (TCT) No. 208782,[20] over which a building leased to the Philippine National Bank (PNB) stood. In the auction sale of the levied lot, Chua, with a tender of PhP 8 million,[21] emerged as the winning bidder.
- On January 21, 2005, Chua moved for the issuance of a final deed of sale and a writ of possession. He also asked the RTC to order the Registry of Deeds of Manila to cancel TCT No. 208782 and to issue a new certificate. Despite petitioners' opposition on the ground of prematurity, a final deed of sale[22] was issued on February 16, 2005.
- On February 18, 2005, Chua moved for the confirmation of the sheriff's final deed of sale and for the issuance of an order for the cancellation of TCT No. 208782. Petitioners again interposed an opposition in which they informed the RTC that this Court had already granted due course to their petition for review on January 31, 2005;
- On April 11, 2005, the RTC, via a Resolution, confirmed the sheriff's final deed of sale, ordered the Registry of Deeds of Manila to cancel TCT No. 208782, and granted a writ of possession[23] in favor of Chua.
- On May 3, 2005, petitioners filed before this Court a petition for the issuance of a temporary restraining order (TRO). On May 24, 2005, the sheriff of Manila issued a Notice to Vacate[24] against petitioners, compelling petitioners to repair to this Court anew for the resolution of their petition for a TRO.
- On May 31, 2005, the Court issued a TRO,[25] enjoining the RTC and the sheriff from enforcing the April 11, 2005 writ of possession and the May 24, 2005 Notice to Vacate. Consequently, the RTC issued an Order[26] on June 17, 2005, suspending the execution proceedings before it.
- Owing to the clashing ownership claims over the leased Paco property, coupled with the filing of an unlawful detainer suit before the Metropolitan Trial Court (MeTC) in Manila against PNB, the Court, upon the bank's motion, allowed, by Resolution[27] dated April 26, 2006, the consignment of the monthly rentals with the MeTC hearing the ejectment case.

The Court's Ruling

The petition is partly meritorious.

First Issue: Interest Proper in Forbearance of Credit

Petitioners, citing Article 2213[28] of the Civil Code, fault the trial court for imposing, in the execution of its final

judgment, interests on what they considered as unliquidated claims. Among these was the claim for goodwill upon which the RTC attached a monetary value of PhP 250,000. Petitioners also question the imposition of 12% interest on the claimed monthly profits of PhP 35,000, reckoned from 1988 to October 15, 1992. To petitioners, the imposable rate should only be 6% and computed from the finality of the RTC's underlying decision, i.e., from December 20, 2001.

Third on the petitioners' list of unliquidated claims is the yet-to-be established value of the one-half partnership share and interest adjudicated to Chua, which, they submit, must first be determined with reasonable certainty in a judicial proceeding. And in this regard, petitioners, citing *Eastern Shipping Lines, Inc. v. Court of Appeals*,^[29] would ascribe error on the RTC for adding a 12% per annum interest on the approved valuation of the one-half share of the assets, inclusive of goodwill, due Chua.

Petitioners are partly correct.

For clarity, we reproduce the summary valuations and accounting reports on the computation of claims certified to by the parties' respective CPAs. Chua claimed the following:

A 50% share on assets (exclusive of goodwill) at fair market value (Schedule 1) P 1,613,550.00

B 50% share in the monetary value of goodwill (P500,000 x 50%) 250,000.00

C

Legal interest on share of assets from June 1, 1992 to Oct. 15, 2002 at 12% interest per year (Schedule 2)

2,008,869.75

D Unreceived profits from 1988 to 1992 and its corresponding interest from Jan. 1, 1988 to Oct. 15, 2002 (Schedule 3) 4,761,225.00

E Damages 50,000.00

F

Attorney's fees

25,000.00

G Litigation fees 25,000.00

TOTAL AMOUNT P 8,733,644.75

On the other hand, petitioners acknowledged the following to be due to Chua:

Total Assets - Schedule 1 P2,431,956.35

50% due to Lamberto Chua P1,215,978.16

Total Alleged Profit, Net of Payments Made,

May 1992-Sch. 2 1,613,758.49

50% share in the monetary value of goodwill

(500,000 x 50%) 250,000.00

Moral and Exemplary Damages 50,000.00

Attorney's Fee 25,000.00

Litigation Fee 25,000.00

TOTAL AMOUNT P3,154,736.65

As may be recalled, the trial court admitted and approved Chua's computation of claims amounting to PhP 8,733,644.75, but rejected that of petitioners, who came up with the figure of only PhP 3,154,736.65. We highlight the substantial differences in the accounting reports on the following items, to wit: (1) the aggregate amount of the partnership assets bearing on the 50% share of Chua thereon; (2) interests added on Chua's share of the assets; (3) amount of profits from 1988 through May 30, 1992, net of alleged payments made to Chua; and (4) interests added on the amount entered as profits.

From the foregoing submitted valuation reports, there can be no dispute about the goodwill earned thru the years by Shellite. In fact, the parties, by their own judicial admissions, agreed on the monetary value, i.e., PhP 250,000, of this item. Clearly then, petitioners contradict themselves when they say that such amount of goodwill is without basis. Thus, the Court is loathed to disturb the trial court's approval of the amount of PhP 250,000, representing the monetary value of the goodwill, to be paid to Chua.

Neither is the Court inclined to interfere with the CA's conclusion as to the total amount of the partnership profit, that is, PhP 1,855,000, generated for the period January 1988 through May 30, 1992, and the total partnership assets of PhP 3,227,100, 50% of which, or PhP 1,613,550, pertains to Chua as his share. To be sure, petitioners have not adduced adequate evidence to belie the above CA's factual determination, confirmatory of the trial court's own. Needless to stress, it is not the duty of the Court, not being a trier of facts, to analyze or weigh all over again the evidence or premises supportive of such determination, absent, as here, the most compelling and cogent reasons.

This brings us to the question of the propriety of the imposition of interest and, if proper, the imposable rate of interest applicable.

In *Reformina v. Tomol, Jr.*,^[30] the Court held that the legal interest at 12% per annum under Central Bank (CB) Circular No. 416 shall be adjudged only in cases involving the loan or forbearance of money. And for transactions involving payment of indemnities in the concept of damages arising from default in the performance of obligations in general and/or for money judgment not involving a loan or forbearance of money, goods, or credit, the governing provision is Art. 2209 of the Civil Code prescribing a yearly 6% interest. Art. 2209 pertinently provides:

Art. 2209. If the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest, which is six per cent per annum.

The term "forbearance," within the context of usury law, has been described as a contractual obligation of a lender or creditor to refrain, during a given period of time, from requiring the borrower or debtor to repay the loan or debt then due and payable.^[31]

Eastern Shipping Lines, Inc. synthesized the rules on the imposition of interest, if proper, and the applicable rate, as follows: The 12% per annum rate under CB Circular No. 416 shall apply only to loans or forbearance of money, goods, or credits, as well as to judgments involving such loan or forbearance of money, goods, or credit, while the 6% per annum under Art. 2209 of the Civil Code applies "when the transaction involves the payment of indemnities in the concept of damage arising from the breach or a delay in the performance of obligations in general,"^[32] with the application of both rates reckoned "from the time the complaint was filed until the

[adjudged] amount is fully paid."[33] In either instance, the reckoning period for the commencement of the running of the legal interest shall be subject to the condition "that the courts are vested with discretion, depending on the equities of each case, on the award of interest." [34]

Otherwise formulated, the norm to be followed in the future on the rates and application thereof is:

- - When an obligation, regardless of its source, is breached, the contravenor can be held liable for damages. The provisions under Title XVIII on "Damages" of the Civil Code govern in determining the measure of recoverable damages.
- - With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:
 - When the obligation breached consists in the payment of a sum of money, i.e., a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 12% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.
 - When an obligation not constituting loans or forbearance of money is breached, an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum. No interest, however, shall be adjudged on unliquidated claims or damages except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Art. 1169, Civil Code) but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.
 - When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 12% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.[35]

Guided by the foregoing rules, the award to Chua of the amount representing earned but unremitted profits, i.e., PhP 35,000 monthly, from January 1988 until May 30, 1992, must earn interest at 6% per annum reckoned from October 7, 1997, the rendition date of the RTC decision, until December 20, 2001, when the said decision became final and executory. Thereafter, the total of the monthly profits inclusive of the add on 6% interest shall earn 12% per annum reckoned from December 20, 2001 until fully paid, as the award for that item is considered to be, by then, equivalent to a forbearance of credit. Likewise, the PhP 250,000 award, representing the goodwill value of the business, the award of PhP 50,000 for moral and exemplary damages, PhP 25,000 attorney's fee, and PhP 25,000 litigation fee shall earn 12% per annum from December 20, 2001 until fully paid.

Anent the impasse over the partnership assets, we are inclined to agree with petitioners' assertion that Chua's share and interest on such assets partake of an unliquidated claim which, until reasonably determined, shall not earn interest for him. As may be noted, the legal norm for interest to accrue is "reasonably determinable," not, as Chua suggested and the CA declared, determinable by mathematical computation.

The Court has certainly not lost sight of the fact that the October 7, 1997 RTC decision clearly directed petitioners to render an accounting, inventory, and appraisal of the partnership assets and then to wind up the partnership affairs by restituting and delivering to Chua his one-half share of the accounted partnership assets. The directive itself is a recognition that the exact share and interest of Chua over the partnership cannot be determined with

reasonable precision without going through with the inventory and accounting process. In fine, a liquidated claim cannot validly be asserted without accounting. In net effect, Chua's interest and share over the partnership asset, exclusive of the goodwill, assumed the nature of a liquidated claim only after the trial court, through its November 6, 2002 resolution, approved the assets inventory and accounting report on such assets.

Considering that Chua's computation of claim, as approved by the trial court, was submitted only on October 15, 2002, no interest in his favor can be added to his share of the partnership assets. Consequently, the computation of claims of Chua should be as follows:

- (1) 50% share on assets (exclusive of goodwill) at fair market value PhP 1,613,550.00
 - (2) 50% share in the monetary value of goodwill (PhP 500,000 x 50%) 250,000.00
 - (3) 12% interest on share of goodwill from December 20, 2001 to October 15, 2002 [PhP 250,000 x 0.12 x 299/365 days] 24,575.34
 - (4) Unreceived profits from 1988 to May 30, 1992 1,855,000.00
 - (5) 6% interest on unreceived profits from January 1, 1988 to December 20, 2001[36] 1,360,362.50
 - (6) 12% interest on unreceived profits from December 20, 2001 to October 15, 2002 [PhP 3,215,362.50 x 12% x 299/365 days] 316,074.54
 - (7)
 - Moral and exemplary damages
50,000.00
 - (8) Attorney's fee 25,000.00
 - (9) Litigation fee 25,000.00
 - (10) 12% interest on moral and exemplary damages, attorney's fee, and litigation fee from December 20, 2001 to October 15, 2002 [PhP 100,000 x 12% x 299/365 days] 9,830.14
- TOTAL AMOUNT PhP 5,529,392.52

Second Issue: Petitioners' Obligation Solidary

Petitioners, on the submission that their liability under the RTC decision is divisible, impugn the implementation of the amended writ of execution, particularly the levy on execution of the absolute community property of spouses petitioner Sunga-Chan and Norberto Chan. Joint, instead of solidary, liability for any and all claims of Chua is obviously petitioners' thesis.

Under the circumstances surrounding the case, we hold that the obligation of petitioners is solidary for several reasons.

For one, the complaint of Chua for winding up of partnership affairs, accounting, appraisal, and recovery of shares and damages is clearly a suit to enforce a solidary or joint and several obligation on the part of petitioners. As it were, the continuance of the business and management of Shellite by petitioners against the will of Chua gave rise to a solidary obligation, the acts complained of not being severable in nature. Indeed, it is well-nigh impossible to draw the line between when the liability of one petitioner ends and the liability of the other starts. In this kind of situation, the law itself imposes solidary obligation. Art. 1207 of the Civil Code thus provides:

Art. 1207. The concurrence of two or more creditors or of two or more debtors in one and the same obligation

does not imply that each one of the former has a right to demand, or that each of the latter is bound to render, entire compliance with the prestation. There is solidary liability only when the obligation expressly so states, or when the law or the nature of the obligation requires solidarity. (Emphasis ours.)

Any suggestion that the obligation to undertake an inventory, render an accounting of partnership assets, and to wind up the partnership affairs is divisible ought to be dismissed.

For the other, the duty of petitioners to remit to Chua his half interest and share of the total partnership assets proceeds from petitioners' indivisible obligation to render an accounting and inventory of such assets. The need for the imposition of a solidary liability becomes all the more pronounced considering the impossibility of quantifying how much of the partnership assets or profits was misappropriated by each petitioner.

And for a third, petitioners' obligation for the payment of damages and attorney's and litigation fees ought to be solidary in nature, they having resisted in bad faith a legitimate claim and thus compelled Chua to litigate.

Third Issue: Community Property Liable

Primarily anchored as the last issue is the erroneous theory of divisibility of petitioners' obligation and their joint liability therefor. The Court needs to dwell on it lengthily.

Given the solidary liability of petitioners to satisfy the judgment award, respondent sheriff cannot really be faulted for levying upon and then selling at public auction the property of petitioner Sunga-Chan to answer for the whole obligation of petitioners. The fact that the levied parcel of land is a conjugal or community property, as the case may be, of spouses Norberto and Sunga-Chan does not per se vitiate the levy and the consequent sale of the property. Verily, said property is not among those exempted from execution under Section 13,[37] Rule 39 of the Rules of Court.

And it cannot be overemphasized that the TRO issued by the Court on May 31, 2005 came after the auction sale in question.

Parenthetically, the records show that spouses Sunga-Chan and Norberto were married on February 4, 1992, or after the effectivity of the Family Code on August 3, 1988. Withal, their absolute community property may be held liable for the obligations contracted by either spouse. Specifically, Art. 94 of said Code pertinently provides:

Art. 94. The absolute community of property shall be liable for:

(1) x x x x

(2) All debts and obligations contracted during the marriage by the designated administrator- spouse for the benefit of the community, or by both spouses, or by one spouse with the consent of the other.

(3) Debts and obligations contracted by either spouse without the consent of the other to the extent that the family may have been benefited. (Emphasis ours.)

Absent any indication otherwise, the use and appropriation by petitioner Sunga-Chan of the assets of Shellite even after the business was discontinued on May 30, 1992 may reasonably be considered to have been used for her and her husband's benefit.

It may be stressed at this juncture that Chua's legitimate claim against petitioners, as readjusted in this disposition, amounts to only PhP 5,529,392.52, whereas Sunga-Chan's auctioned property which Chua acquired, as the highest bidder, fetched a price of PhP 8 million. In net effect, Chua owes petitioner Sunga-Chan the amount of PhP 2,470,607.48, representing the excess of the purchase price over his legitimate claims.

Following the auction, the corresponding certificate of sale dated January 15, 2004 was annotated on TCT No.

208782. On January 21, 2005, Chua moved for the issuance of a final deed of sale (1) to order the Registry of Deeds of Manila to cancel TCT No. 208782; (2) to issue a new TCT in his name; and (3) for the RTC to issue a writ of possession in his favor. And as earlier stated, the RTC granted Chua's motion, albeit the Court restrained the enforcement of the RTC's package of orders via a TRO issued on May 31, 2005.

Therefore, subject to the payment by Chua of PhP 2,470,607.48 to petitioner Sunga-Chan, we affirm the RTC's April 11, 2005 resolution, confirming the sheriff's final deed of sale of the levied property, ordering the Registry of Deeds of Manila to cancel TCT No. 208782, and issuing a writ of possession in favor of Chua.

WHEREFORE, this petition is PARTLY GRANTED. Accordingly, the assailed decision and resolution of the CA in CA-G.R. SP No. 75688 are hereby AFFIRMED with the following MODIFICATIONS:

(1) The Resolutions dated November 6, 2002 and January 7, 2003 of the RTC, Branch 11 in Sindangan, Zamboanga Del Norte in Civil Case No. S-494, as effectively upheld by the CA, are AFFIRMED with the modification that the approved claim of respondent Chua is hereby corrected and adjusted to cover only the aggregate amount of PhP 5,529,392.52;

(2) Subject to the payment by respondent Chua of PhP 2,470,607.48 to petitioner Sunga-Chan, the Resolution dated April 11, 2005 of the RTC, confirming the sheriff's final deed of sale of the levied property, ordering the Registry of Deeds of Manila to cancel TCT No. 208782, and issuing a writ of possession in favor of respondent Chua, is AFFIRMED; and

The TRO issued by the Court on May 31, 2005 in the instant petition is LIFTED.

No pronouncement as to costs.

SO ORDERED.

Quisumbing, (Chairperson), Carpio-Morales, Tinga, and Brion, JJ., concur.

[1] Rollo, pp. 36-45. Penned by Associate Justice Romeo A. Brawner (Chairperson, now retired) and concurred in by Associate Justices Jose L. Sabio, Jr. and Jose C. Reyes, Jr.

[2] Id. at 90-91. Penned by Judge Mariano S. Macias.

[3] Reported in 363 SCRA 249.

[4] Rollo, p. 69.

[5] Id. at 38.

[6] Id. at 72.

[7] Id. at 73-76.

[8] Id. at 78-81.

[9] Id. at 77.

[10] Id. at 40.

[11] Id. at 85-89.

[12] Id. at 90.

[13] Id.

[14] Id. at 91.

[15] Id. at 93-112.

[16] Supra note 1, at 45.

[17] Rollo, pp. 47-55.

[18] Id. at 52.

[19] Id. at 175.

[20] Id. at 304-307.

[21] Id. at 92, Minutes of Sale.

[22] Id. at 256-257.

[23] Id. at 238-240.

[24] Id. at 264-265.

[25] Id. at 266-267.

[26] Id. at 276.

[27] Id. at 446A-446B.

[28] Art. 2213. Interest cannot be recovered upon unliquidated claims or damages, except when the demand can be established with reasonable certainty.

[29] G.R. No. 97412, July 12, 1994, 234 SCRA 78.

[30] No. L-59096, October 11, 1985, 139 SCRA 260.

[31] Eastern Shipping Lines, Inc., supra note 29, at 93-94; citing Black's Law Dictionary 644 (1990).

[32] Id. at 94.

[33] Id. at 92; citing Florendo v. Ruiz, G.R. No. 60225, May 8, 1992, 208 SCRA 542; Reformina, supra note 30.

[34] Id. at 94-95.

[35] Id. at 95-97.

[36] Interest computed as follows:

Interest Period Interest

Year Principal Rate (months) Earned Balance

1988 420,000.00 6% 167.5 351,750.00 771,750.00

1989 420,000.00 6% 155.5 326,550.00 746,550.00

1990 420,000.00 6% 143.5 301,350.00 721,350.00

1991 420,000.00 6% 131.5 276,150.00 696,150.00

1992 175,000.00 6% 119.5 104,562.50 279,562.50

Totals 1,855,000.00

1,360,362.50

TOTAL (Principal plus Interest), as of December 20, 2001 PhP 3,215,362.50

[37] SEC. 13. Property exempt from execution.-- Except as otherwise expressly provided by law, the following property, and no other, shall be exempt from execution:

- (a) The judgment obligor's family home as provided by law, or the homestead in which he resides, and the land necessarily used in connection therewith;
- (b) Ordinary tools and implements personally used by him in his trade, employment or livelihood;
- (c) Three horses x x x or other beasts of burden x x x;
- (d) His necessary clothing and articles for ordinary personal use, excluding jewelry;
- (e) Household furniture and utensils necessary for housekeeping x x x;
- (f) Provisions for individual or family use sufficient for four months;
- (g) The professional libraries and equipment of judges, lawyers, physicians x x x;
- (h) One fishing boat and accessories x x x;
- (i) So much of the salaries, wages, or earnings of the judgment obligor x x x;
- (j) Lettered gravestones;
- (k) Monies, benefits, privileges, or annuities accruing or x x x growing out of any life insurance;
- (l) The right to receive legal support, or money or property obtained as such support, or any pension or gratuity from the Government;
- (m) Properties specially exempted by law.

But no article or species of property mentioned in this section shall be exempt from execution issued upon a judgment recovered for its price or upon a judgment of foreclosure of a mortgage thereon.

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